

1 advertisements as a whole and, indeed, that's what the  
2 Court needs to do. And on a motion to dismiss, I might  
3 add, you have to accept the allegations as true and all  
4 of counsel's arguments with respect to the motion to  
5 dismiss are fact based. Essentially, what AT&T says is  
6 you can't read the ads that way, that the contract cures  
7 whatever misstatements there might be in the ads, and  
8 that that's not what we're telling people. That fact  
9 argument, that's not an appropriate argument to be  
10 making on a motion to dismiss.

11           The plaintiffs in this case would say when you  
12 read the advertisements as a whole, they suggested to us  
13 that this service was just as reliable and just as good  
14 as wire-based service, and it isn't, and it never has  
15 been and that's why the advertisements are misleading.

16           Now I should I mention that Bastien, you know,  
17 specifically says that claims for fraud and deceit do  
18 not affect the Federal regulation of the carriers at  
19 all. Congress could not have intended to preempt the  
20 claims. And there is, indeed, as counsel I think  
21 acknowledged, a line of cases, some of which are in New  
22 Jersey -- the Weinberg case and DeCaster (phonetic) case  
23 -- which specifically say that when you're not  
24 challenging the rates, when you're not challenging the  
25 service, when you're not challenging the market entry,

1 but you're talking about the advertisements, they aren't  
2 -- those types of claims are not preempted. And I think  
3 the Weinberg case does a good job of explaining why that  
4 is so.

5 And the Tenore case which is a Washington  
6 case, and I would submit to the Court that the State of  
7 Washington's consumer protection statute is not nearly  
8 as protective as the State of New Jersey's. The State  
9 of Washington said that certain challenges to the  
10 service being provided are not challenges on rates.  
11 They're challenges on advertising. They're not  
12 challenges on market entry. They're challenges on  
13 advertising. And this case is about advertising. The  
14 plaintiffs maintain the advertisements were misleading  
15 and suggested to them that the service was something  
16 which it is not. And just, again, I want to be  
17 perfectly clear about this. They're allowed to provide  
18 whatever service the FCC says they're allowed to  
19 provide. What they're not allowed to do is suggest to  
20 the consuming public in New Jersey that they're  
21 providing something that they're not providing.

22 THE COURT: Thank you.

23 MR. PINILIS: Thank you, Your Honor.

24 THE COURT: Mr. Eakeley, is there anything  
25 briefly to which you would like to respond?

1           **MR. EAKELEY:** Yes, Your Honor.

2           Mr. Pinilis says that they're not challenging  
3 rates, but the Central Office Telephone case, as well as  
4 the Bastien case, make clear that an attack on the  
5 adequacy of service is an attack on rates and values.  
6 You have to measures rates against something, and if  
7 you're complaining that you paid more than what the  
8 service was worth, you are attacking rates when you  
9 attack the service.

10           They also claim that this is an advertising  
11 case and that Tenore and Weinberg hold that advertising  
12 cases are not preempted. Well, that's not quite the  
13 case, Your Honor. Advertise -- cases alleging false  
14 advertising with respect to billing practices or  
15 services such as rounding up are not preempted because  
16 they do not attack the adequacy of the infrastructure of  
17 the sufficiency of the service. But even in Weinberg,  
18 there's an acknowledgment that if the case touches on  
19 adequacy of service or infrastructure, it's preempted  
20 under the terms of 332. And indeed, in Tenore, the  
21 plaintiffs were very careful to say, we are not saying  
22 the service is inadequate, we are not saying the rates  
23 are unreasonable. We are saying it was false and  
24 deceptive not to disclose this rounding-up practice that  
25 led to an overcharge. And that is the fundamental

1 distinction.

2           Claims, you can address -- you can dress up a  
3 claim that the service wasn't what we paid for it and we  
4 were misled into signing a contract and committing to a  
5 service that was virtually useless and unreliable by  
6 them saying, but we're going after the advertising. But  
7 if the false advertising has as its subject matter, if  
8 the gravamen of the false advertising claim is directed  
9 at service or infrastructure, then inevitably the Court  
10 is drawn into the type of analysis that is preempted by  
11 Section 332.

12           And just a simple example will explain why.  
13 How is a fact finder going to evaluate plaintiff's  
14 claims here? They say we're not complaining about  
15 adequacy of service or infrastructure, although their  
16 complaint clearly does that repeatedly. Is Your Honor  
17 going to direct the jury to find that infrastructure was  
18 adequate and service was reasonable and yet say, but  
19 what you can do is say to see what was promised or  
20 represented and compare that to what was received, and  
21 somehow evaluate the difference and decide that, in  
22 fact, the rates were unreasonable or too high, or  
23 they're entitled to a refund based on the difference  
24 between those rates and the values? That is rate  
25 regulation, Your Honor, and there are no case -- the

1 cases that address this, Bastien most clearly, so hold.

2           **THE COURT:** Do you think that there is some  
3 subset of advertisement or disclosure that could be so  
4 outrageously unsupportable that it would not be State  
5 rate making or affect entry into the market? For  
6 example, an absurd example. If the advertisement  
7 seriously, and not tongue-in-cheek, said something to  
8 the effect, this wireless service is so good you can  
9 call Mars. And everyone knows you can't call Mars, and  
10 it wasn't intended as a joke. Would that be preempted?  
11 In other words, it's a fact that is so clearly  
12 unattainable, but the advertisement said it nonetheless,  
13 forgetting about whether or not it was reasonable to  
14 rely upon it. I'm talking now about --

15           **MR. EAKELEY:** Yep. No, I understand the  
16 preemption analysis.

17           **THE COURT:** -- preemption.

18           **MR. EAKELEY:** It's hard to say, and obviously  
19 that is not the case before the Court.

20           The Federal Communications Commission is  
21 charged with, by Statute, evaluating the reasonableness  
22 of the rates and the service, and the adequacy of the  
23 infrastructure. There is a forum here. There is also a  
24 very important Federal policy to establish a national  
25 regulatory system to advance the development of this

1 infrastructure. I think we could all conceive of  
2 exceptions to just about any rule that might under  
3 certain conditions apply. But the general policy is a  
4 strong one and it favors Federal regulation and there  
5 is, as I said, an alternative Federal forum to police  
6 these very claims if, in fact, they attack service or  
7 infrastructure.

8 But I wouldn't want to say categorically that  
9 Your Honor's example was -- could not -- could not find  
10 sustainable light. But my first reaction is even that  
11 ought to go under the Federal scheme to the FCC for  
12 policing. They are the watchdog. They are the  
13 regulator and they know what they're doing.

14 **THE COURT:** Well, at least your answer is  
15 consistent with the position because had you taken the  
16 other position, my next question would have been where  
17 do I draw the line?

18 **MR. EAKELEY:** Yes. And then I would have --

19 **THE COURT:** And I don't know where you draw the  
20 line if, in fact, there is a difference.

21 **MR. EAKELEY:** Yeah. I think I might have said,  
22 if I had gone the other way, that I'm not sure precisely  
23 where that line can be drawn, but it's far behind where  
24 the plaintiffs are in this case or could plead. But I  
25 think that the Federal policy is clear and clearly

1 articulated, and Bastien is controlling, I submit.

2           The last point, and this relates to the motion  
3 to dismiss. Mr. Pinilis said that the Court is not  
4 authorized to consider on a motion to dismiss documents  
5 referred to in the complaint, namely the contract and  
6 the advertisements. But you must accept as given  
7 plaintiffs' characterization of those ads and that  
8 contract, rather than the contract documents themselves.

9           We point out in a footnote to our reply brief  
10 that are no State Court cases directly in point. But  
11 our source rule is the same as Federal Rule of Civil  
12 Procedure 12B-6 and there are sturdy Federal precedent  
13 for permitting a Court on a motion to dismiss to  
14 receive, consider and deem controlling documents  
15 referred to in the complaint. And plaintiffs have not  
16 challenged the contract documents. They are not saying,  
17 oh, no, that's not our contract, there's another  
18 contract out there. Nor do they say, no, that's not the  
19 ad that we're attempting to quote from or, in this case,  
20 selectively cite from.

21           So that's just my answer to Mr. Pinilis on the  
22 failure to state a claim part.

23           **THE COURT:** Mr. Pinilis, anything else?

24           **MR. PINILIS:** If I may. Thank you, Your Honor.

25           **THE COURT:** Sure.

1           **MR. PINILIS:** The first thing I want to say is  
2 that the Federal regulators are not charged with  
3 reviewing the advertisements and that's where this is  
4 this exception carved out within the Federal scheme to  
5 allow states to regulate the advertisements and to  
6 regulate the representations made to the consumers  
7 within that State. I do not take issue with the  
8 assertion that the Federal regulators are the experts on  
9 what type of service can be provided, on how it can be  
10 provided, on what can be charged for it. But the  
11 Federal regulators do not review advertisements. They  
12 don't have the authority to review the advertisements  
13 and they don't -- they don't do it. And so if the State  
14 Courts don't do it, then no one will do it.

15           Now Mr. Eakeley wouldn't even concede that  
16 Your Honor's absurd example would violate this. And if  
17 that doesn't, then I can think of absolutely no  
18 situation in which anyone could ever bring a consumer  
19 fraud claim against a telephone company for outrageously  
20 misleading advertisements, putting aside, I think the  
21 issue of reliance. And I should add that on the issue  
22 of reliance, reliance is not a necessary element for  
23 consumer fraud. It is for legal fraud and it is for  
24 negligent misrepresentation. It is not for consumer  
25 fraud, nor is intent, nor is damages. And so when



## Argument - Pinilis

1 you're talking about the consumer fraud claim, none of  
2 those arguments that counsel articularly made even  
3 address the consumer fraud claim.

4           With respect to the contract, I don't take  
5 issue that a document referred to in the pleadings,  
6 specifically a contract, can be reviewed by the Court on  
7 a motion to dismiss in a contract case. We don't have a  
8 contract case. We withdrew it. And the only issue  
9 before the Court is whether these advertisements are  
10 misleading. And frankly, if the Court were to get into  
11 that type of an analysis and make a determination as to  
12 whether the advertisements were misleading, the Court  
13 would really be finding fact on a motion to dismiss, and  
14 I think that Mr. Eakeley would concede that that's not a  
15 proper thing to do on a motion to dismiss.

16           What is the -- Mr. Eakeley asked what is the  
17 jury going to find? What the jury is going to find is  
18 whether the ads were misleading. That's what the jury  
19 -- the jury is not going to sit there and replace the  
20 FCC in determining whether the service was reasonable  
21 service or whether the rates were reasonable rates.  
22 What the jury is going to sit there and do is going to  
23 look at the ads, is going to hear testimony and  
24 determine whether the ads were misleading given what was  
25 being provided by AT&T, and I think that's a perfectly

1 proper function for a jury on a consumer fraud case.

2 And like I said, if the jury doesn't do it, we  
3 know the Federal regulators don't do it, no one will  
4 ever do it. And then AT&T is indeed free to make any  
5 misrepresentation they want, suggest service is  
6 virtually anything and they can never be held  
7 accountable for that.

8 So I think that the regulatory scheme is  
9 pretty clear in that the one thing -- the one thing left  
10 to the states and the State Courts is to determine  
11 whether advertising and representations made to  
12 consumers are fair and reasonable and violative of that  
13 State's consumer protection. And we brought this on  
14 behalf of New Jersey consumers because we feel that New  
15 Jersey consumers are entitled to the protections  
16 afforded to them by their legislature. And the  
17 legislature -- I think that the law is pretty clear and  
18 I don't think there's any reasonable contention that  
19 this complaint doesn't state a claim for consumer fraud.

20 MR. EAKELEY: Just one more --

21 THE COURT: I'll hear everything and anything  
22 that everybody has to say.

23 MR. EAKELEY: Just picking up where Mr. Pinilis  
24 left off. He wants the jury to decide whether the ads  
25 are misleading. How -- what is the thought process that

1 has to go on in order to do that? Well, obviously, the  
2 ads have to be displayed, but then they have to be --  
3 the adequacy of the infrastructure has to be examined.  
4 Are there -- how many towers do they have? How many  
5 towers should they have had in order to have reduced the  
6 blocked or dropped calls? Was the service reliable?  
7 How much more reliable should it have been? How do you  
8 evaluate that? What's the difference in the price of  
9 that service between the FCC-approved rate and what the  
10 plaintiffs were either promised or represented or  
11 received? That gets you right into rate regulation,  
12 adequacy of service and adequacy of infrastructure.

13 And as the District Court in Bastien put it,  
14 to pretend that plaintiffs' claims do not attack  
15 adequacy of service and infrastructure is to stretch the  
16 English language to an extreme.

17 THE COURT: How do you answer Mr. Pinilis'  
18 suggestion, if not argument, that the FCC will not and  
19 would not consider this type of claim?

20 MR. EAKELEY: Well, I think if we got to that  
21 extreme, Your Honor -- first, I think they would. But  
22 at that point, we get into an exercise of primary  
23 jurisdiction, I believe. The Court -- I mean there is  
24 clearly a regulatory expertise being implicated here and  
25 if there is -- if the case is not preempted because

1 there is a possibility of some advertising claim not  
2 affecting service or going beyond what the Congress  
3 intended that could survive, then I think the Court's  
4 duty would be to defer to the FCC and see whether or not  
5 in fact they'd take it. But we're not -- that is, in  
6 fact -- the Seventh Circuit starts out in Bastien, more  
7 or less musing about whether the doctrine of primary  
8 jurisdiction should apply. But I don't -- I think that  
9 the holding in Bastien is quite clear. That case and  
10 this case are not the type of an extreme that even  
11 suggests that there is room for argument, and these are  
12 claims that were considered and deemed preempted by the  
13 Seventh Circuit. I know Your Honor is not bound by the  
14 Seventh Circuit, but is the first Court of Appeals in  
15 the United States to reach the issue of the  
16 applicability of Section 332 in this context. But no  
17 Court has gone in a contrary direction, and I think the  
18 FCC ought to be given an opportunity to consider the  
19 extreme before a case which is not the extreme is  
20 permitted to escape or avoid preemption in this Court.

21 **THE COURT:** Thank you.

22 **MR. PINILIS:** Since you offered. You'll be  
23 sorry. I think what the jury is going to evaluate and  
24 it's what a jury evaluates in every single consumer  
25 fraud case. What were they promised and what did they

1 get? That's what the jury is going to evaluate. It's  
2 what a jury does in every single advertising case that a  
3 jury is ever faced with, and I don't think this case is  
4 any different than that. And I would say that the FCC  
5 -- the FCC not only is not authorized to construe the  
6 New Jersey Consumer Fraud Act. I would venture to say  
7 the FCC is not competent to construe the New Jersey  
8 Consumer Fraud Act. There is nothing that gives the FCC  
9 the authority to weigh an advertisement against the  
10 requirements, the strict requirements of New Jersey  
11 State law concerning consumer fraud.

12 So not only do I think they wouldn't, I don't  
13 think they can. So to suggest that we should somehow  
14 submit this claim to the FCC I think is an absurdity. I  
15 don't think the FCC has no authority and that's  
16 precisely why the savings clause is within the  
17 Communications Act because the FCC can't consider it and  
18 it's this hole within the Communications Act which the  
19 legislature specifically left for the states to  
20 regulate. And State Courts or Federal District Courts,  
21 and one State Court in Washington have said, yes, there  
22 are situations where advertising is what's being  
23 challenged, not rate making, not market entry, and  
24 that's what's happening here.

25 And what we'd ask a jury to decide is to look

1 at the advertisements in context, including radio  
2 advertisements, print advertisements, website  
3 advertisements, telephone advertisements, and we'd say  
4 to them, in context, is that something other than what  
5 people got? And that's really the -- that's the basis  
6 of the claim. That that's a consumer fraud claim and  
7 that's permitted by the Communications Act.

8 **MR. EAKELEY:** Could I just cite the Court to  
9 the Southwestern Bell case in our briefs where the  
10 Federal Communications Commission indeed grapples with  
11 issues such as these. And also, Your Honor, Section  
12 201(b) of the Federal Communications Act, which again  
13 authorizes the Federal Communications Commission to  
14 police unreasonable practices. The Consumer Fraud Act  
15 is a state regulation and as applied to the  
16 determination of what the plaintiffs received by way of  
17 service or infrastructure is preempted. And I think  
18 that's the short of it.

19 It's also curious -- Mr. Pinilis said the jury  
20 would get to decide what was promised and what they got.  
21 Well, in fact, that's precisely the contract claim that  
22 he has conceded is preempted.

23 **MR. PINILIS:** No, I don't think so. I think  
24 that what -- what the jury is going to determine is  
25 whether it's an unconscionable commercial practice to

1 say, this is what you'll receive when you receive  
2 something else. Not whether it's a breach of contract.  
3 There are different element. It's a total different  
4 cause of action whether it's an unconscionable  
5 commercial practice under our Consumer Fraud Act,  
6 bearing in mind that you don't have prove intent, you  
7 don't have to prove reliance, you don't have to prove  
8 damages. Whether what was told to the consuming public  
9 was different in such respects to create -- to make it  
10 an unconscionable commercial practice to tell them, to  
11 tell the consuming public that in respect to what they  
12 ultimately received.

13 **THE COURT:** Counsel, thank you. I want to  
14 reflect upon what you've said, but I'm going to decide  
15 this motion this afternoon.

16 I will be back on the bench at 2:30. I will  
17 give you my oral decision at that time. You can leave  
18 your papers and belongings here if you wish.

19 **MR. EAKELEY:** Thank you, Your Honor.

20 **MR. PINILIS:** Thank you, Your Honor.

21 (Off the record. Back on the record)

22 **THE COURT:** I make the following findings of  
23 fact and conclusions of law.

24 This is a motion to dismiss which seeks the  
25 declaration by the Court that the claims contained in

1 this class action are preempted by a congressional  
2 action and claim that the complaint fails to state a  
3 claim upon which relief may be granted.

4           Without parsing the entire complaint, it  
5 nevertheless consists of a first count alleging  
6 violations of the New Jersey Consumer Fraud Act, a  
7 second count alleging common law fraud, a third count  
8 alleging a breach of contract, a fourth count sounding  
9 in quasi-contract entitled unjust enrichment, and the  
10 fifth count sounding in negligent representation.

11           Under the branch of the motion that seeks to  
12 dismiss for failure to state a claim, I would employ the  
13 usual test under Printing Mart v. Sharp Electronics,  
14 that is to read the complaint indulgently in favor of  
15 the plaintiff, to scour it to see if it suggests a cause  
16 of action. Even if it does not and the relief is  
17 appropriate, generally speaking, such a motion would  
18 result in an order of dismissal without prejudice.

19           This motion seeks more substantial relief on  
20 the grounds that Section 332 of the Federal  
21 Communications Act, 47 U.S. Code 332, preempts a State  
22 Court from engaging in providing a remedy such as sought  
23 in this case. There is no doubt that Congress intended  
24 complete preemption when it said, quote, "No state or  
25 local government shall have any authority to regulate



1 the entry of or the rates charged by any commercial  
2 mobile service." 47 U.S. Code 332(c)(3). That is what  
3 the defendant claims this case is about.

4 The plaintiff claims this case is about the  
5 relationship between the defendants and its customers  
6 and potential customers insofar as it has asserted the  
7 advertising media transmitted to potential customers and  
8 customers violated the New Jersey Consumer Fraud Act and  
9 was either fraudulent or constituted a negligent  
10 misrepresentation.

11 The essence of the claims of the plaintiff  
12 relate to the May 1998 introduction of the AT&T Wireless  
13 Digital One Rate Plan in which the plaintiff asserts  
14 that representations made concerning the quality of the  
15 service were violative of state law principles. The  
16 complaint refers to challenges to defendant's  
17 advertisements which plaintiff asserts promises  
18 unfettered access to the network, no delays in  
19 availability of the system, and, in fact, plaintiff  
20 claims that there are times when there is an inability  
21 to access the network. There are delays in the  
22 availability of the system. There are involuntary  
23 disconnections.

24 The complaint asserts that the AT&T defendants  
25 are aware and have been aware that there is and has been

1 insufficient capacity to service the current subscribers  
2 of the Digital One Rate Plan. The complaint asserts  
3 that the plan had an insufficient digital network to  
4 adequately service its ever-expanding subscriber base.  
5 It asserts that the plan is completely unreliable and  
6 then says as a result subscribers regularly experience  
7 numerous problems, some of which I have already  
8 described.

9           The complaint says, in addition, quote, "Thus,  
10 the AT&T defendants cannot deliver upon the promises and  
11 representations relating to the capacity of the service  
12 as set forth in the ads and otherwise."

13           The leading case is Bastien v. AT&T Wireless  
14 Services, Inc., 205 F.3d 983 (7<sup>th</sup> Circuit), decided March  
15 6<sup>th</sup> of this year. In that case in a similar-sounding  
16 complaint, the Seventh Circuit determined that the  
17 allegations of the plaintiff Bastien were in effect  
18 claims touching and affecting rates and entry into the  
19 market. Defendants claim that this case is dispositive  
20 in the sense of being a well thought out and well-  
21 developed analysis recognizing that this State Court is  
22 not bound by the principles of law expressed by the  
23 Seventh Circuit.

24           The opinion makes a number of statements, one  
25 of which is very pertinent to my analysis. There are

1 others as well that I'll probably touch on. And it says  
2 on -- it looks like it's Page 989 that, quote, "Should  
3 the State Court vindicate Bastien's claim, the relief  
4 granted would necessarily force AT&T Wireless to do more  
5 than required by the FCC, to provide more towers,  
6 clearer signals or lower rates. The Statute  
7 specifically insulates these FCC decisions from State  
8 Court review."

9         The plaintiff claims that Bastien may be right  
10 on some of the issues raised in the Bastien complaint,  
11 but it is in apposite to the claims here in that there  
12 are a number of cases of which Tenore v. AT&T Wireless  
13 Services is emblematic. That case, 136 Washington 2<sup>nd</sup>  
14 322, also 962 P.2d 104, the Supreme Court of Washington  
15 in 1988, in which claims were held available for State  
16 Court analysis.

17         Most, if not all, of the claims that survived  
18 preemption related to disputes over representations made  
19 or lack of representations made vis-a-vis billing  
20 practices and accounting issues. This case, Union Ink's  
21 case, is not so positioned. It seems to me that in  
22 order to demonstrate any of the causes of action the  
23 proofs will necessarily implicate questions about  
24 infrastructure, questions about quality of service which  
25 in my view is different from merely not rounding up or

1 not rounding down, or doing any rounding at all of time  
2 on the line.

3 Bastien also reminds all of us, and  
4 particularly me as a trial judge, that Courts are not  
5 bound by the names and labels placed on claims by a  
6 plaintiff. Now in this opinion, it's talking about  
7 looking at pleadings to see if they're either stealth  
8 complaints or disguised complaints in light of Federal  
9 questions. But State Courts, and this Court in  
10 particular, routinely engages in trying to parse the  
11 core of the claim without regard to the sometimes  
12 misleading -- and I'm not suggesting any intentional  
13 misleading -- labels that are put into complaints for  
14 ease of reference and perhaps ease of understanding.

15 At its core, if a jury will be called upon to  
16 balance, or first to consider, then reflect upon, and  
17 then balance evidence that touches and affects questions  
18 of infrastructure -- hardware might be a shorthand  
19 reference, although I know it's a term of art and I  
20 don't mean it as a term of art. That, in my view, under  
21 Bastien and under -- I'll have it in a minute here --  
22 AT&T v. Central Office Telephone, Inc., at 118 Supreme  
23 Court 1956 is, in my view, a touching on market entry  
24 issues. And by the legal or administrative fiction,  
25 perhaps, or linguistic slight of hand in AT&T v. Central

1 Office Telephone may also touch on rates with this  
2 thought, quoting, "Rates, however, do not exist in  
3 isolation. They have meaning only when one knows the  
4 services," and here I add, or lack of services, "to  
5 which they are attached. Any claim for excessive rates  
6 can be couched as a claim for inadequate services and  
7 vice versa."

8 I won't repeat the well-understood principles  
9 as to why Section 332 of the Federal Communications Act  
10 exists nor need I address the exception clause contained  
11 in 332 because I do not see this case as touching on --  
12 let me put it the other way. I do see this case  
13 touching on market entry and rates for the reasons  
14 indicated. The savings clause of 47 U.S. Code 414 does  
15 not swallow the rule in 332 and I am satisfied that  
16 there is preemption under congressional policymaking for  
17 the nature of this claim.

18 I pause for a moment in my decision making to  
19 reflect on the argument that this plaintiff or these  
20 plaintiffs, or even the class, might be remediless and  
21 it occurred to me that there are other instances and  
22 circumstances where injured parties, and I'm not  
23 suggesting these plaintiffs were not injured, are left  
24 remediless or substantially remediless because of  
25 preemption. And the one that comes to my mind, first

1 and foremost, are cases involving persons injured by  
2 insecticides and rodenticides and which are -- which  
3 claims are not available in State Court generally under  
4 statute -- the Federal Statute generally referred to as  
5 FIRPA. It means the Federal Insecticide and Rodenticide  
6 -- I don't know what the "P" stands for, but there's New  
7 Jersey law on it. I had a case like it. It's a  
8 terrible outcome. It's a hardship to the plaintiff.  
9 And it simply is reflective of the relative fears of  
10 influence that we occupy from the President, the  
11 Congress, to the States, to local government on down.

12 And so, while I paused to think about what  
13 this result might mean, and this is not by way of any  
14 apology, it simply is a result of our Federal system of  
15 authority. And if the plaintiff is left without a  
16 remedy, that is the function of the Congress to remedy,  
17 it is the beyond the scope and ability of me to do. And  
18 I say that knowing and fully appreciating the strong  
19 public policy of this State that is intended to protect  
20 consumers from sharp advertising practices in the  
21 Consumer Fraud Arena and in related common law causes of  
22 action.

23 This case, and Bastien, are qualitatively  
24 unlike the -- I know I'm repeating myself now -- unlike  
25 the rounding-up cases because of the touch and effect

1 aspect on the network, the infrastructure, the hardware  
2 that must necessarily be evaluated by a jury. A  
3 circumstance and a consequence that I do not believe  
4 Congress intended to happen.

5           The substance of this claim goes to those  
6 issues even though the form suggests it's merely an  
7 advertising dispute. I do not specifically reach and I  
8 decline and defer to reach whether the complaint states  
9 a claim upon which relief can be granted outside of the  
10 preemption arena. I'm satisfied that preemption answers  
11 the question and I will enter an order dismissing the  
12 complaint on that ground only.

13           Mr. Eakeley, I do not know because I don't  
14 remember whether or not your order broke out the basis  
15 for the decision or not.

16           **MR. EAKELEY:** No, I can't recall, Your Honor.  
17 I'm sorry.

18           **THE COURT:** Maybe I can find it. Wait, here, I  
19 have it. I can tell you.

20           I'll use your form of order and my findings  
21 and conclusions in the transcript will reflect the  
22 limited basis upon which it has been decided. That  
23 order will be signed today and will be available next  
24 week. It will be sent to Mr. Eakeley straight way.  
25 And, Mr. Eakeley, I will rely upon your good offices to

1 get it to plaintiff's counsel right away so that if  
2 plaintiffs seek review in the Appellate Division, they  
3 will not be unduly delayed.

4 Are there any questions?

5 **MR. PINILIS:** Yes, Your Honor. I have a copy  
6 of the order and the order says only that it's dismissed  
7 pursuant to Rule 4:6-2. So if I could just ask Your  
8 Honor to change it to reflect that it's being dismissed  
9 based on the preemption issue.

10 **MR. EAKELEY:** No objection to that, Your Honor.

11 **THE COURT:** Okay. Okay. I have changed the  
12 order so it will read -- and this may not be the most  
13 elegant way to state it. But, ordered that defendant's  
14 motion to dismiss pursuant to Federal preemption  
15 principles is granted and the class action complaint is  
16 hereby dismissed with prejudice. A copy of this order  
17 will be served on all counsel within five days. That's  
18 five days from your receipt of it.

19 In fact, let me know something. If you both  
20 want to stick around five minutes, I'll have it  
21 conformed and I can give both --

22 **MR. EAKELEY:** That's easier.

23 **THE COURT:** So you can start consulting with  
24 your clients straightway. You'll have a signed order.  
25 Presumably, you're going to order a transcript if this



1 goes anywhere anyway. Can you do that? I have marked  
2 it here. All right. My law clerk will be glad to  
3 provide you with that. Are there any other questions?

4 **MR. PINILIS:** No, Your Honor. Thank you, Your  
5 Honor.

6 **MR. EAKELEY:** Thank you.

7 **MR. PINILIS:** Have a good weekend.

8 **THE COURT:** Thank you. You, too.

9 (Proceedings concluded)

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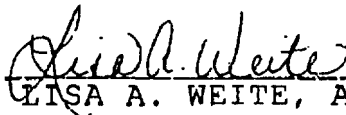
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1  
2  
3 CERTIFICATION  
4

5 I, LISA A. WEITE, the assigned transcriber, do  
6 hereby certify the foregoing transcript of proceedings  
7 in the Bergen County Superior Court on June 9, 2000, on  
8 Tape No. 204-00, Index Number from 3456 to 6948, and  
9 Tape No. 205-00, Index Number from 001 to 1125, is  
10 prepared in full compliance with the Transcript Format  
11 for Judicial Proceedings and is a true and accurate  
12 transcript to the best of my knowledge and ability.

Dated:

6/19/2000LISA A. WEITE, AD/T 410

WILLIAM J. PINILIS, ESQ.  
TELEPHONE: 973-401-1111  
FACSIMILE: 973-401-1114  
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## FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Carl Hilliard	William J. Pinilis, Esq.
COMPANY:	DATE:
Wireless Consumer's Alliance	July 7, 2000
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
1-858-509-2937	45 3
SUBJECT:	SENDER'S REFERENCE NUMBER:
Union Ink v. AT&T	

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

## NOTES/COMMENTS:

Carl:

Enclosed are the Order and the transcript from the hearing. Please call me if I can help in any other way.

-Billy

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JUN 9 2000

JUN 9 2000

JONATHAN H. PINILIS  
J.S.C.

**LOWENSTEIN SANDLER PC**

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Attorneys for Defendants AT&T Corp.  
and AT&T Wireless Services, Inc.

SUPERIOR COURT OF NEW JERSEY  
LAW DIVISION: BERGEN COUNTY  
DOCKET NO. L-8974-99

UNION INK CO, INC. and MARCI BLOOM,

Plaintiffs,

vs.

AT&T CORP. and AT&T WIRELESS  
SERVICES, INC.,

Defendants.

Civil Action

**ORDER  
DISMISSING PLAINTIFFS'  
COMPLAINT**

This matter having been brought before the Court upon the motion of Lowenstein Sandler PC, attorneys for defendants AT&T Corp. and AT&T Wireless Services, Inc. ("Defendants"), returnable ~~March 5~~, 2000; and the Court having considered the submissions filed on behalf of Defendants, any opposition thereto and the arguments of counsel, and good cause appearing;


IT IS on this 9 day of JUNE, 2000

FEDERAL PREEMPTION PRINCIPLES U

ORDERED that Defendants motion to dismiss pursuant to ~~R. 1.6-2~~ is granted and the class action complaint of Union Ink Co., Inc. and Marci Bloom is hereby dismissed with prejudice; and it is

**FIVE(S)** FURTHER ORDERED that a copy of this order shall be served on all counsel within ~~ten (10)~~ days.

☒ opposed  
☐ unopposed

  
\_\_\_\_\_  
J.S.C.